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The Director of Central Intelligence

Washington, D.C. 20505

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The Honorable William H. Webster
Director, Federal Bureau of Investigation
J. Edgar Hoover Building
Washington, D. C. 20535

Dear Bill:

I appreciate your letter of March 1 regarding counter-intelligence analysis. I would like to address your concerns directly. 25X1

A principal problem I and later the Senate Select Committee on Intelligence and the Bross Commission identified was the 25X1

It was to address these subjects that several agency-level organizations were established in recent years, first in Air Force and subsequently in CIA, DIA and NSA. The one gap in that structure was the absence of interagency analytic efforts on positive intelligence problems, a gap we took a long step toward remedying with the creation of the NIO for Foreign Deception and Intelligence Activities as well as the DCI Deception and Denial Analysis Committee. 25X1

Even so, it was apparent to both the SSCI and to me that the existing arrangements still could be improved. Thus, the Committee directed the creation of an interagency staff to carry out primarily deception analysis. Originally, the Committee insisted that that staff be located in the National Intelligence Council under the NIO. We resisted this at the time because it represented a change in the nature of the National Intelligence Council which, until that time, had not been encumbered by large staff or significant production elements of its own. The SSCI

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then insisted on placing the unit in DIA and a compromise was finally reached wherein they proposed that it be located in the
25X1 IC Staff.
25X1

In good faith, worked together and with the Community to find a way to meet the Committee requirement. The result was a proposal that involved keeping the Community counterintelligence staff at essentially its present size and using detailees from various agencies to carry out specific projects, after which they would be returned to their home agencies. Only after reviewing the concrete details to implement this proposal did I conclude that it was not a very satisfactory response either to the substantive problem or to the Committee. The IC Staff is not the appropriate place for finished intelligence analysis to be produced; indeed, its production in a unit significantly detached from the other production elements of the Community and carried out by people on temporary assignment almost assured that it would be unable to carry out this additional mission. Moreover, informal consultations with SSCI staff made it clear that they regarded
25X1 this as an inadequate response to their requirement.

It was under these circumstances that I returned to the original recommendation of Senator Wallop and decided to establish a small interagency analytic staff under the NIO to carry out the finished intelligence production, including, for
25X1 example,
25X1 I anticipate considerable additional work along these lines. By virtue of association with the NIO, this group will be well plugged in to the various production elements of the Community; moreover, this will allow the NIO to better coordinate the work of the Community in this area as well as make recommendations to me concerning gaps in analytic coverage as well as collection opportunities. I would emphasize to you that this in no way changes the original charter of the NIO that we discussed over a year ago. The scope of his substantive responsibilities is not being changed at
25X1 all.

At the same time, I am aware of the Bureau's concern and partly for that reason I am leaving the Community Counter-intelligence Staff essentially untouched. As before, it will continue to provide staff support for the SIG-CI and the SIG-CM and also will continue to prepare the annual hostile threat assessment. Our consultations with the SSCI suggest that these arrangements are quite satisfactory to them and fully within the
25X1 intent of the Conference report.

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In sum, the only change I am making is to give the NIO additional help to produce more finished intelligence on Soviet deception and foreign intelligence activities abroad. This step will not impinge on the responsibilities or purview of the Community Counterintelligence Staff but instead will provide for an arrangement that is bureaucratically sensible, effective from
25X1 a management standpoint, and substantively more productive.

I plan to extend invitations to you, Air Force, DIA and NSA to nominate one analyst each for this small staff under the NIO. CIA will provide three or four analysts. I would appreciate your serious consideration of this invitation and would welcome having an FBI officer serve on a rotational
25X1 assignment.

Sincerely,

/s/ William J. Casey
William J. Casey

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